

Minutes
Air Pollution Control Board
Indiana Government Center South
Conference Rooms C
402 West Washington Street
Indianapolis, Indiana

January 3, 2001
1:00 p.m.

1. Mr. John Walker, Chairman, called the meeting to order. He noted that a quorum was present.

CALL TO ORDER
QUORUM

2. Chairman Walker introduced the board members.

INTRODUCTION OF
MEMBERS

Present: Mr. John Walker, Chairman
Mr. Thomas Anderson
Mr. John Bacone, Proxy, Department of Natural Resources
Mr. Jeff Bowe
Mr. Howard Cundiff, Proxy, State Board of Health
Ms. Melanie Darke, Proxy, Lieutenant Governor
Mr. Marlow Harmon
Mr. Chris Horn
Ms. Rachel McGeever, Legal Counsel
Mr. Thomas Rarick, Technical Secretary
Mr. Phil Stevens
Mr. Randy Staley

Staff members present were Mr. Timothy Method, Deputy Commissioner; Ms. Janet McCabe, Assistant Commissioner; and Ms. Kathy Watson, Branch Chief. Others are recorded on a separate sheet and made a part of this record. A court reporter was present and a transcript is available for review.

3. Ms. McCabe reported on two recent actions by EPA. First, EPA issued a decision in December 2000 that the agency would proceed with rulemakings to control mercury emissions from power plants. Mercury is a key pollutant from power plants. IDEM has partnered with the U.S. Geological Survey to do mercury monitoring in the State of Indiana. Second, EPA will develop rules to reduce emissions from new heavy duty diesel engines by up to ninety-five percent.

REPORTS

4. Chairman Walker introduced Exhibit 1(a), the rule as preliminarily adopted, Exhibit 1(b), the rule as preliminarily adopted and proposed for final adoption with suggested changes, and Exhibit 1(c), an enumeration of the changes made to the rule as preliminarily adopted and proposed for final adoption with changes subsequent to the board packet mailout, into the record of the hearing.

**CONSIDERATION OF
FINAL ADOPTION OF
AMENDMENTS TO
RULE 326 IAC 6-1,
Natural Gas Combustion
Sources**

Ms. Janet Perkowski, Rulewriter for the Office of Air Quality, stated that the proposed amendments to 326 IAC 6-1 would delete for sources in certain counties the particulate matter emission limits for combustion units that are fueled one hundred percent by natural gas. IDEM also corrected source names and ID numbers that need to be corrected, and has rewritten some language for clarification in the first few sections in the rule.

Mr. Michael Scanlon, attorney with Barnes and Thornburg, representing Premier Refractories located in Crown Point, Indiana, expressed concern with the geographic scope of the rule, specifically 326 IAC 6-1-1-(a). Premier Refractories requested the board to modify the rule so that its applicability is expressly limited to the portions of those counties that were formerly nonattainment for TSP or are nonattainment for PM-10.

Mr. Bowe moved to adopt the amendments as proposed by IDEM to rule 326 IAC 6-1. Mr. Anderson seconded. The motion passed unanimously.

Mr. Anderson moved to final adopt rule 326 IAC 6-1, as amended. Mr. Bowe seconded. The motion passed 9-1. Mr. Walker abstained from voting.

5. Chairman Walker introduced Exhibit 2, the rule as preliminarily adopted and proposed for final adoption, into the record of the hearing.

**CONSIDERATION OF
FINAL ADOPTION OF
AMENDMENTS TO
RULE 326 IAC 8-1-4, Test
Procedures for Determining
Capture Efficiency for
Volatile Organic Compound
Emissions**

Ms. Watson, Chief of the Air Programs Branch, commented on the rulemaking by stating that the rule incorporates by reference capture efficiency protocols and test methods from the federal rules to allow sources to meet their compliance requirements. This rule applies to such industries as printing and publishing.

Mr. Harmon moved to final adopt rule 326 IAC 8-1-4 as amended. Mr. Horn seconded. The motion passed 9-1. Mr. Walker abstained from voting.

6. Mr. Jeff Bowe, the small business representative on the Air Pollution Control Board read into the record of the hearing his resignation.

RESIGNATION

7. Ms. McCabe provided handouts to board members and meeting attendees and updated the board on the status of the Nitrogen Oxide SIP Call rule as follows:

DISCUSSION ON Nitrogen Oxide SIP Call

- A. The NOx SIP Call rules, 326 IAC 10-3 and 326 IAC 10-4, will be brought to the board for consideration for preliminary adoption on February 7, 2001.
- B. Recently EPA sent an incompleteness letter to Indiana and ten other states saying that our NOx SIP call submissions are not complete and an official clock for Indiana to complete the rulemakings has started.
- C. The NOx rules are required by federal regulations to meet the one-hour ozone standard. Indiana and twenty-one other jurisdictions in the eastern part of the country are required to adopt rules to reduce nitrogen oxides by thirty-one percent by 2007. Additionally, when EPA confirms the 8-hour ozone standard this rule will help significantly to meet that standard. After years of study and discussion it was collectively determined that nitrogen oxide reductions would be the most cost-effective means to get the last portion of reduction that is necessary to meet the one-hour ozone standard.
- D. In addition to the NOx SIP call, EPA has a separate rule, the Section 126 rule, in effect that applies to twenty-five of the ninety-four units in Indiana, all in the eastern half of the state. Section 126 rule is a separate requirement for those utilities to reduce NOx emissions by putting on control technologies and participating in the regional trading program.
- E. Large boilers and electric generating units would comply with the NOx SIP call rule under a regional cap and trade program.
- F. Additional issues addressed include:
 - The NOx trading program
 - S How are NOx allowances to be given out?
 - S How do you accommodate growth and new sources?
 - S Should this rule involve energy efficiency or clean energy projects, and if so, how?
 - The May 2004 deadline
 - Alternative compliance options
 - Whether sources who are not either an electric generating unit or a large boiler can opt into the trading program.

Mr. Andy Knott, Air and Energy Policy Director for the Hoosier Environmental Council (HEC), commented on the rulemaking by stating that although he had a few concerns regarding the draft rule language, the main issue that he wanted to bring to the board's attention is HEC's support for the clean-energy set-aside.

Mr. Tony Sullivan, Barnes and Thornburg attorney, representing Indiana-Kentucky Electric Corporation (IKEC), requested that IDEM work with EPA to eliminate the Section 126 rule once an approved NOx SIP Call rule is put into place. Mr. Sullivan also requested that if the Section 126 rule remains effective, it be operated separately from the NOx SIP Call rule. Third, Mr. Sullivan requested that the rule provide for a minimum 5-year allocation period. Fourth, IKEC opposes any

set-aside in the rule for energy efficiency and renewable projects. Fifth, IKEC opposes out-put based allocation. Sixth, IKEC strongly supports the Ohio approach for early reductions and to allow some additional allowances to get into the system. Seventh, IKEC supports inclusion of alternative compliance programs that would provide additional allowances to a source on the understanding that the benefits of the multi-pollutant technology proposed would outweigh the costs or NOx emissions that result from the longer period of time need to comply.

Mr. Dave Long, representing American Electric Power, commented on the rulemaking by being in favor of the alternative path.

Ms. Jennifer Thompson, McHale, Cook & Welsh, asked Mr. Sullivan in regards to clarify his comments about the Section 126 rule.

Mr. Don Fulkerson, Indiana-Kentucky Electric Corporation (IKEC), recommended eliminating the Section 126 rule.

Mr. Jeff Neumeier, representing Bethlehem Steel, commented on the rulemaking by stating that the rule as currently drafted would require Bethlehem to install continuous emissions monitoring systems on all of their boilers at a cost of about 2.4 million dollars. Bethlehem Steel's current NOx emission rate is between .8 and .10 pounds per million BTU, which is significantly below the .17 level that would be required by the NOx SIP call rule.

8. The next meeting is tentatively set for February 7, 2001, at 1:00 p.m., in the Government Center South, Room C, Indianapolis, Indiana.

NEXT MEETING

9. Mr. Harmon moved to adjourn the meeting. Mr. Anderson seconded the motion. Chairman Walker adjourned the meeting at 3:00 p.m.

ADJOURNMENT

John Walker, Chairman

Thomas Rarick, Technical Secretary

These minutes were taken from the January 3, 2001 transcript and were written on February 15, 2001 by Karol T. Chuma, Office of Air Quality.